

## ANALYSIS OF AMENDED BILL

Author: Havice Analyst: Paul Brainin Bill Number: AB 484  
Related Bills: See Legislative History Telephone: 845-3380 Amended Date: 01-28-98  
Attorney: Doug Bramhall Sponsor: \_\_\_\_\_

**SUBJECT:** Employer Child Care Start-up & Qualified Care Plan Contributions  
Credit/Eliminates Repeal/Increase Amount

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended \_\_\_\_\_.

☒ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended \_\_\_\_\_.

FURTHER AMENDMENTS NECESSARY.

☒ DEPARTMENT POSITION CHANGED TO **PENDING**.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED MAY 20, 1997, STILL APPLIES.

☒ OTHER - See comments below.

### SUMMARY OF BILL

Under the Personal Income Tax Law and the Bank and Corporation Tax Law, this bill would extend the sunset date of the Employer Child Care Program and the Employer Child Care Contribution credits to taxable or income years beginning before January 1, 2003. This bill also would require the Legislative Analyst to evaluate these credits and report the results of that evaluation to the Legislature by March 1, 2002.

### SUMMARY OF AMENDMENT

The January 28, 1998, amendment would reestablish the amount of the contribution credit to \$360 for each qualified dependent, as provided in current law. Except for the revenue estimate and position, the department's analysis of the bill as amended May 20, 1997, still applies.

### DEPARTMENTS THAT MAY BE AFFECTED:

\_\_\_ STATE MANDATE

\_\_\_ GOVERNOR'S APPOINTMENT

#### Board Position:

\_\_\_ S \_\_\_ O  
\_\_\_ SA \_\_\_ OUA  
\_\_\_ N \_\_\_ NP  
\_\_\_ NA \_\_\_ NAR  
☒ PENDING

#### Agency Secretary Position:

\_\_\_ S \_\_\_ O  
\_\_\_ SA \_\_\_ OUA  
\_\_\_ N \_\_\_ NP  
\_\_\_ NA \_\_\_ NAR  
DEFER TO \_\_\_\_\_

#### GOVERNOR'S OFFICE USE

Position Approved \_\_\_  
Position Disapproved \_\_\_  
Position Noted \_\_\_

Department/Legislative Director Date  
Gerald H. Goldberg 2/19/98

Agency Secretary Date

By: Date:

Tax Revenue Estimate

Revenue losses for this bill are estimated as follows:

| [\$ In Millions]       |        |        |        |
|------------------------|--------|--------|--------|
|                        | 1998-9 | 1999-0 | 2000-1 |
| Bank & Corporation Tax | (\$9)  | (\$10) | (\$12) |
| Personal Income Tax    | (\$1)  | (\$1)  | (\$1)  |
| Total                  | (\$10) | (\$11) | (\$13) |

This bill would be effective with income/taxable years beginning after December 31, 1997, with enactment assumed after June 30, 1998.

This analysis does not consider the possible changes in employment, personal income, or gross state product that could result from this measure.

Tax Revenue Discussion:

This revenue estimate reflects the January 28, 1998, amendment which decreases the amount of the proposed contribution credit from \$600 to \$360 for each qualified dependent, as provided in current law.

Revenue losses under the Personal Income Tax and the Bank and Corporation Tax Laws would depend on the number of taxpayers who contribute and the amount of contributions made to a qualified plan.

Actual tax data for 1995 taxable/income year indicate that there were \$7 million in applied credits (excluding prior year carryovers).

BOARD POSITION

Pending.